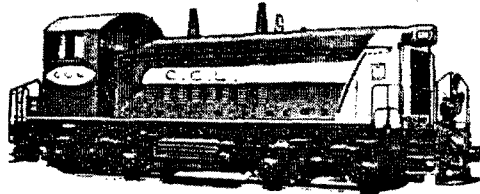


CHROME CRANKSHAFT LOCOMOTIVE SALES CO.

MAIN OFFICE: 6010 SOUTH NEW ENGLAND AVE.
CHICAGO, ILLINOIS 60638
(312) 586-3030

CHICAGO BRANCH: (312) 646-3300
SILVIS BRANCH: (309) 755-6800

CHICAGO, ILL. - SILVIS, ILL. - LOS ANGELES, CAL.



COMPLETE LOCOMOTIVE REBUILDING - SALES - SERVICE - PARTS

February 27, 1985

Interstate Commerce Commission
12th and Constitution Avenue N.W.
Washington, D.C. 20423

14583
RECORDATION NO. 1425

MAR 5 1985 9 22 AM

INTERSTATE COMMERCE COMMISSION

Attn: Mildred Lee, Room 2303

Re: I.C.C. Filing

Dear Ms. Lee:

Enclosed please find two originals and copies of Lease Agreements which we request that you file and record with the Interstate Commerce Commission.

Parties

Lessor: Chrome Locomotive, Inc.
6010 South New England Avenue
Chicago, Illinois 60638

Lessee: LaSalle and Bureau County Railroad
53 West Jackson Blvd. Suite 532
Chicago, Illinois 60604

We are enclosing our check #9536, in the amount of \$20.00 payable to the Interstate Commerce Commission, to cover the fee for filing and recording.

Kindly return a filed copy of the Leases and receipt for filing fees to us at your earliest convenience.

Very truly yours,

Stephen R. Meindl
Stephen R. Meindl
Controller

SRM/me

MAR 5 1985 9 22 AM

LEASE AGREEMENT

INTERSTATE COMMERCE COMMISSION

This AGREEMENT made and entered into this 10th day of August, 1984, by and between CHROME CRANKSHAFT LOCOMOTIVE SALES CO., INC. HEREINAFTER referred to as "Lessor", and LASALLE & BUREAU COUNTY RAILROAD, a corporation, hereinafter referred to as "Lessee".

1. LEASE AGREEMENT: Lessor hereby leases to Lessee, and Lessee hereby rents from Lessor, the following described locomotives, to wit: 2 each EMD GP18 former R.I. 1337, R.I. 1353; upon the terms and conditions as set forth in the lease.

2. DELIVERY: Delivery of said locomotives shall be accepted on the tracks at Lessor's plant in Silvis, Illinois, and it shall be the obligation of the Lessee to return said locomotives to Lessor's plant in Silvis, Illinois upon termination of this Agreement. Any reasonable and normal expenses incurred by the Lessor in delivering said locomotive to the Lessee shall be paid by the Lessee.

A) Said locomotives, before delivery, shall be inspected by the Lessor and Lessee and statement made and jointly signed as to its condition with exception, if any, taken thereto. If any supplies shall be furnished with said locomotives, a memorandum thereof shall be made and signed by proper representatives of the parties hereto and attached to this contract, and such supplies of their equivalent in kind, or their value in money, shall be returned or paid to the Lessor by the Lessee when said locomotives are returned to the Lessor.

B) Having given Lessee the opportunity to examine the locomotives, the Lessor accordingly, makes no express or implied warranty of any kind whatsoever with respect to the locomotives and all warranties express or implied are specifically disclaimed, including but not limited to: merchantability, fitness for use, design or condition of locomotives, the quality or capacity of the locomotives, the workmanship in the locomotives, compliance of the locomotives with the requirements of any law, rule, specification or contract pertaining thereto, or latent defects. Lessee expressly agrees that it is leasing the locomotives "as is", and no defect or unfitness of the equipment shall relieve Lessee of its obligations to pay rent or otherwise perform under this lease.

3. TERM: The rental term under this Lease shall commence on the 1st day of August 1984 and shall remain in full force and effect for a minimum of 12 months and after that date either of the parties hereto shall terminate same upon serving 30 days notice in writing to the other party hereto of its desire to terminate same.

JMP
CR *the lease shall convert to month to month which*
A) Lessee shall have the option to terminate this lease within the first 90 calendar days of the term of this lease. If within the first 90 days of the term of this lease, Lessee terminates, an additional \$20 per day shall be charged per locomotive.

4. RENTAL PAYMENT: Commencing on the 1st day of August 1984, Lessee agrees to pay Lessor for the use of said locomotives at the rate of \$58 per calendar day per locomotive. This lease shall be your authority to pay. No invoices shall be sent. Interest at 1½% per month shall become due and payable for any payments received after the due date.

Payments will be mailed to:

CHROME CRANKSHAFT LOCOMOTIVE SALES CO.
P.O. Box 95456
Chicago, Illinois 60694

A) It is the intention of the parties that the rent provided herein shall be net to the Lessor, and that all state, local, sales, use and occupation tax applicable to the rental of these locomotives as herein provided shall be paid by the Lessee and it is understood and agreed that the same may be invoiced by the Lessor to the Lessee.

5. MAINTENANCE & REPAIRS: Lessee agrees to keep and maintain said locomotives in good and proper repair and condition, at its own cost and expense, and said locomotives shall be returned upon the termination of this Agreement to the Lessor in as good condition as when received, ordinary wear and tear excepted.

A) The Lessor or its authorized representative shall have the right at all times to inspect said locomotives and shall be given convenient access to the same by the Lessee in order that the Lessor may assure itself that said locomotives are being maintained and kept in a satisfactory manner. If said locomotives shall be destroyed or damaged to such an extent that in the judgment of the Lessor it cannot be repaired and put in serviceable condition, the Lessee hereby agrees to pay the Lessor a fair market value of \$60,000 per locomotive, being reduced by the amount of each monthly payment made, for said locomotives.

B) Lessee shall maintain a record as required by the Lessor of all maintenance performed by it on the locomotives and shall submit such record for examination and reproduction by Lessor.

6. INSURANCE: Lessee will furnish Lessor with a Certificate of Insurance.

7. DEFAULT: If the Lessee shall default in any of the payments herein agreed to be made by it, or in any of the obligations or agreements to be made or fulfilled by it as herein provided, or if in the judgment of the Lessor said locomotives is not being maintained satisfactorily, the Lessor may at once take possession of said locomotives and thereupon this Agreement shall cease and terminate, but such termination shall not affect the payment of any sums which may be due or become due hereunder from the Lessee to the Lessor.

8. INDEMNIFICATION: Lessee will protect, indemnify, hold and save harmless the Lessor from and against all claims, demands, damages, suits, losses, costs, attorney fees, liability awards, judgments, and expenses of whatever nature or loss or damage to property or injury or death to persons resulting in any manner directly or indirectly from use or operation of the locomotives covered by this lease.

9. TITLE: Title to the locomotives shall remain with Lessor at all times, and Lessee shall have no right, Title or interest therein except as expressly set forth in this Lease. In furtherance thereof Lessor may file or record this Lease, a financing statement and/or any other relevant documents with respect thereto, and Lessee hereby agrees to execute any such documents presented by Lessor to give notice to any interested parties of Lessor's interest in the locomotives. Lessee, at its expense, will protect and defend Lessor's Title to the equipment and will keep the equipment free and clear from any and all claims, Liens, encumbrances and legal processes of Lessee's creditors and other persons.

10. ASSIGNMENT OF LEASE: Lessee shall not sublet or loan the locomotives without prior express written consent of the Lessor.

11. MISCELLANEOUS PROVISIONS: This Lease shall in all respects be governed and construed in accordance with the laws of the State of Illinois.

A) This Lease constitutes the entire agreement between Lessor and Lessee with respect to the subject matter of the Lease. No term or provision of the Lease may be waived, amended or terminated except by a written agreement signed by both Lessor and Lessee.

B) Any notices required hereunder shall be sent by certified mail, return receipt requested, or delivered by hand to the parties at the following address.

TO LESSOR: Chrome Crankshaft Locomotive Sales Co.
9th Street
Silvis, IL 61282

ATTN: Gary C. Hill

TO LESSEE: LSBC Railroad
12800 South Butler Drive
Shed Two
Chicago, Illinois 60633

ATTN: Mr. Stanley Schreckengost

IN WITNESS WHEREOF, the parties hereto have executed this LEASE AGREEMENT in duplicate the day and year shown above.

CHROME CRANKSHAFT LOCOMOTIVE SALES COMPANY, INC.

BY: Gary C. Hill

GARY C. HILL, PRESIDENT

ATTEST: Stephen R. Meindl

Stephen R. Meindl, Controller

Lease Agreement

(4)

BY:

James H. Gule

TITLE Sr. V.P. Fin. & Admin.

ATTEST:

Timothy J. Morgan

TITLE: Dir. Finance & Administration